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50

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25X1

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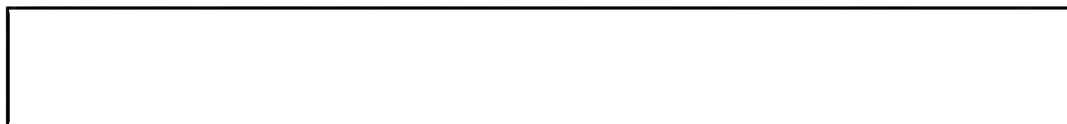
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27 November 1968

Central Intelligence Bulletin

CONTENTS

Vietnam: Situation report. (Page 1)

France: Prestige items will bear the brunt of budgetary cuts announced yesterday. (Page 3)



25X1

Okinawa: An aggressive campaign against US bases is in prospect. (Page 6)

Venezuela: The presidential election race is still extremely close. (Page 7)

Greece: The prime minister has strengthened his executive prerogatives. (Page 8)



25X1

South Korea: Infiltrators (Page 10)

SECRET

SECRET



25X1

SECRET

SECRET

Vietnam:

South Vietnam:

Except for brief engagements between allied reconnaissance patrols and small numbers of Communist troops inside the southern portion of the Demilitarized Zone, little military activity of significance was reported in South Vietnam on 25-26 November.

Communist terrorists, however, were active in the Saigon area, detonating explosive charges inside two government buildings in the capital's downtown sector. These actions may foreshadow an intensification of enemy sapper activity within Saigon and its environs.

* * * *

The South Vietnamese Government appears to be stepping up its country-wide indoctrination and propaganda campaign to prepare anti-Communist elements for future struggle in the military and political fields during the Paris talks and after a possible cease-fire.

25X1 [] Prime Minister Huong on 18 November told a group of government personnel--representing information, Chieu Hoi and revolutionary development offices--that the war in Vietnam is entering a new stage, changing from a military to a political struggle. He warned that the new stage would last a long time and that the group would have to reorganize themselves to meet the Communist challenges.

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27 Nov 68

Central Intelligence Bulletin

1

SECRET

SECRET

North Vietnam: Moscow has demonstrated renewed support for North Vietnam's present course by signing a new set of agreements on economic and military aid with Hanoi. The agreements, signed shortly after the arrival of Hanoi's chief aid negotiator Le Thanh Nghi in Moscow on 21 November, include "new long-term loans" for possible future use in the rehabilitation of North Vietnam's postwar economy. [REDACTED]

25X1

25X1

SECRET

【 France: Reductions for prestige items are the most significant of the budgetary cuts announced to the parliament yesterday. 】

Prime Minister Couve de Murville, in announcing cuts of about \$1 billion in the 1969 budget, said that spending on both the nuclear program and the Anglo-French supersonic transport would be reduced. The cutback in the nuclear program--the 1969 Pacific test series was canceled--will help De Gaulle convince Frenchmen that the government is prepared to make any necessary sacrifices to deal with the financial crisis. Many Frenchmen in the past have criticized De Gaulle for his failure to reduce funds for the nuclear deterrent despite pressing needs in such fields as education and housing.

The decision not to lay on a wage and price freeze is probably intended to placate the workers, who have already complained that they would be the hardest hit by any austerity measures. Couve did say that no excessive wage increases would be permitted, but he gave no indication that the government intended to renege on its earlier promise to hold wage negotiations next March.

Although on Sunday De Gaulle mentioned possible cuts in the education budget, Couve did not specify any. If the government keeps intact its education budget, which was the largest in history, the chance of renewed student agitation may be reduced.

Other austerity measures include a reduction in subsidies to nationalized industries, an increase in the value-added tax, and the cancellation of a payroll tax. The over-all impact of the measures in terms of promoting "austerity" is likely to be modest, and further steps may be required.

SECRET

Meanwhile, De Gaulle and other French officials have expressed great satisfaction with the American role in the financial crisis. The press and government-controlled radio have given it prominent coverage and placed it in the context of the general trend toward improved Franco-American relations. [REDACTED]

25X1

27 Nov 68

Central Intelligence Bulletin

4

SECRET

25X1

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Okinawa: Last week's B-52 incident has inflamed Okinawan opinion to the point where an aggressive campaign against US bases seems in prospect.

Left extremists are no longer isolated in their opposition to US base operations. The moderate Socialists' attitude has broadened from one of opposition to the presence of nuclear weapons and B-52s to a demand for the complete withdrawal of US bases. Furthermore, hitherto competing leftist "peace" and "reversion" organizations have now made common cause against the bases. Chief executive-elect Yara, who takes office next week, will now have greater difficulty in dealing with extremist elements in his coalition who are in the forefront of the anti-base movement.

Even leaders of the conservative Liberal Democrats, the dominant party in the legislature, have pressed the US administration in Okinawa for removal of the bombers, and intend to make similar representations to the Japanese Government.

The machinery of the leftist coalition, still well oiled following its victory in the election for chief executive earlier this month, is in good shape to exploit the issue for some time. In this atmosphere, militant demonstrations and perhaps labor strikes can be expected. [REDACTED]

[REDACTED]

25X1

SECRET

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Venezuela: The presidential election campaign is still extremely close, with none of the four major candidates expected to win more than 30 percent of the popular vote.

Over four million Venezuelans are expected to vote on 1 December to elect a president and all 197 members of the Chamber of Deputies and all 42 members of the Senate. In accordance with Venezuela's electoral system, several additional senate and deputy seats will be awarded to minor parties on the basis of their share of the popular vote. Although only a plurality of the vote will elect the president, the need for a congressional majority will entail extensive political maneuvering until the new president and congress are inaugurated on 14 March 1969.

The four major presidential candidates are: Gonzalo Barrios, candidate of the governing Democratic Action Party; Luis Prieto, People's Electoral Movement; Rafael Caldera, Christian Democratic Party; and Miguel Angel Burelli Rivas heading a three-party coalition.

The closeness of the race and the threat of terrorist activities in the closing days of the campaign have added to pre-election jitters. The government has increased its security precautions and the military have been placed on alert. The military continue to reiterate their dedication to protecting democratic processes. Although they are uneasy over Prieto's leftist support, present evidence indicates that they will follow a wait-and-see policy if he wins.

25X1

SECRET

SECRET

Greece: Prime Minister Papadopoulos has strengthened his executive prerogatives as a preliminary step toward reforming Greece's political institutions.

Papadopoulos earlier this week issued the first of the "legislative decrees" envisioned by the new constitution. The decree establishes several ministerial councils, each chaired by the prime minister, which will set major national policies. A strengthened "ministry to the prime minister" will assist him, and a special oath of office will set him apart from the rest of the cabinet.

The decree also sets forth new procedures for improving efficiency at the top level of bureaucracy, and establishes an administrative commissioner or ombudsman.

There is still no sign of real interest on the part of the government in permitting a resumption of political activity, nor any promise of a date for parliamentary elections. The government is, however, trying to start discussions with some of the old political elements in an effort to gain some qualified support of the objectives of the revolution. [REDACTED]

25X1

25X1

SECRET

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SECRET

NOTE

South Korea: Security forces are finding the going tougher as they press their search for the surviving members of the four 15-man North Korean guerrilla teams that infiltrated South Korea's east coast early this month. Growing South Korean losses, now totaling 42 killed and 30 wounded including civilians, point up the strong resistance the North Koreans are still able to put up after being in South Korea for more than three weeks. Seoul reports that North Korean casualties stand at 48 killed and three captured.

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